

# Airport Investment Study: Solutions Update

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# Airport Investment Study

## Phase I—Overview

### Washington's Public Use Airports

- 135 public use airports
- 64 airports are eligible for federal funding (NPIAS)

Ownership	Airports
City/Towns	40
County	10
Port Districts	32
WSDOT	16
Private	30
Joint / Airport Authorities	5/2



# Airport Investment Study

## Phase I—Findings

### What were the key findings?

- Washington state airports, across all categories, rely on state and federal grants to accomplish preservation and capital improvement projects.
- The Airport Investment Study estimates that the state's 135 public-use airports will need nearly **\$3.6 billion** for eligible projects during the next 20 years.
- WSDOT's Airport Aid Program is forecasted to provide an average of **\$1.4 million** in state airport grants per year, pending decisions from the legislature.
- The State's share of the overall program need of \$3.6 billion is more than \$240 million, **resulting in an average annual need of more than \$12 million.**



# Airport Investment Study

## Phase I—Findings

### What are some potential consequences of not funding capital needs at Washington state airports?

- The state could lose out in \$2 billion in economic output, 13,600 jobs and \$74 million in uncollected tax revenues.
- Airports would face negative impacts to facilities and operations, especially at smaller general aviation airports not eligible for federal funds.
- Airport funding would focus on core infrastructure (e.g., runways and taxiways), while other critical infrastructure would likely be maintained and improved at reduced levels.

**Emergency runway sink hole repair at Darrington Airport, funded by WSDOT.**

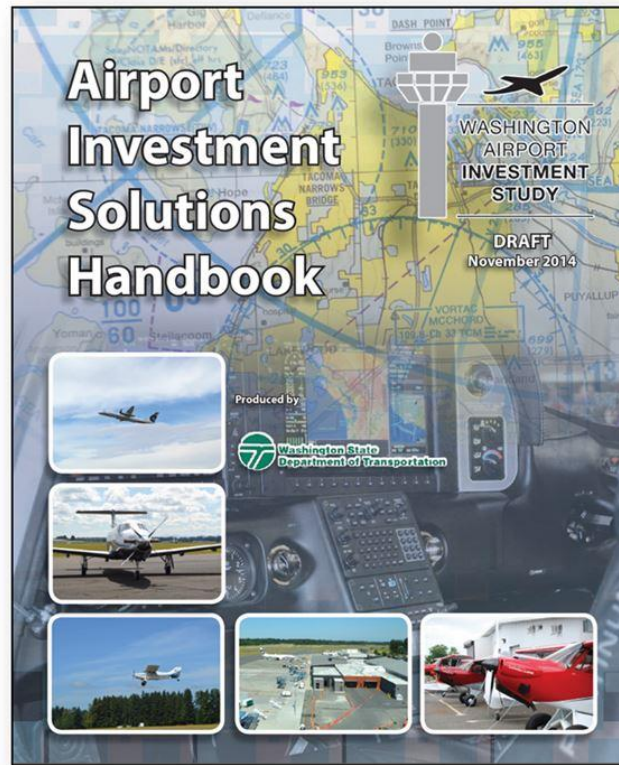




# Airport Investment Study

## Phase II—Solutions Overview

### Phase II, Solutions



# Airport Investment Study

## Phase II— Potential Solutions

### Potential Solutions

1. Public Private Partnerships (P3)
2. Alternative Taxing of Airport Operationally Oriented Uses
3. Alternative Economic Development-Based Consumption Tax
- ✓ 4. Establish a State-Sponsored Revolving Aviation Infrastructure Loan Fund
5. Realignment of Current Transportation Revenue Allocations
- ✓ 6. Reallocate Airport Leasehold Tax to the Aeronautics Account
7. Increase Select Aviation Tax Rates
8. Revise Fuel Excise Tax Exemptions
- ✓ 9. Modify the State Aircraft Excise Tax Program
- ✓ 10. Develop a Best Management Practices Guidebook/Toolkit for State Airports

# Airport Investment Study

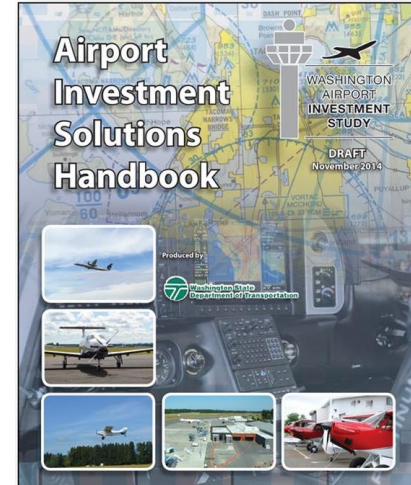
## What's new since the Solutions Study was released?

### Solutions implemented—

**#9. Modify the State Aircraft Excise Tax Program**

### Solutions moving forward—

**#10. Develop a Best Management Practices Guidebook/Toolkit for State Airports**



### Solutions 'liked' by aviation stakeholders—

**#4. Establish a State-Sponsored Revolving Aviation Infrastructure Loan Fund**

**#6. Reallocate Airport Leasehold Tax to the Aeronautic Account**

**And, “Variations” to #9. Reallocate state sales tax (6.5 cents) collected on aircraft sales and/or aviation fuel.**

# 9- Modify the State Aircraft Excise Tax Program

- This solution would change the allocation of aircraft excise taxes so that all of the proceeds would be deposited into the Aeronautics Account instead of just 10 percent.
- The Washington State Legislature considered allocating 100% of aircraft excise taxes to the Aeronautics Account during its 2014 session. However, time ran out before the Legislature could pass a final version of the bill.
- Aircraft excise taxes could be applied to unmanned aircraft.

## KEY BENEFITS

- Improves self-sustainability of state's aviation system
- Accounts for unmanned aircraft
- Does not impose a new tax
- Supports current legislative efforts to direct 100% aircraft excise tax to aviation

## KEY CHALLENGES

- There are significant competing interests for revenues in the General Fund
- Publicly-owned, unmanned aircraft may be exempt from tax

**\*Implemented by legislative action, effective July 1, 2015**



# 10- Develop a Best Management Practices (BMP) Guidebook / Toolkit for Airports

- Solution would be the development of a BMP guidebook/toolkit.
- Distribute guidebook/toolkit information and conduct training for interested airports and municipal managers.
- BMP guidebook would document those practices from throughout the U.S. and around the world that are helping airports improve their bottom line, and thus have more funding available for needed capital development.

## KEY BENEFITS

- Consistent with FAA-supported efforts to help GA airports become self-sufficient in CO
- Wide range of user group support
- Short, medium and long-term benefits to state funding needs

## KEY CHALLENGES

- Requires buy-in from airport sponsors and governing agencies
- Some airports may not want to cast light on their current operations
- May be viewed as overstepping by WSDOT

**\*Solution moving forward—WSDOT lead**

# 4- Establish a State-Sponsored Revolving Aviation Infrastructure Loan Fund

- Establish a SRF loan program in Washington that would fund needed capital infrastructure for debt worthy projects at airports.
- The potential project types could include multi-modal facilities and revenue producing facilities (air cargo, parking, etc.)
- Potential project types could be expanded to include a larger set of potential multimodal transportation projects that might interface with airports.

## KEY BENEFITS

- New self-generated aviation funding source for revenue generating projects
- Wide range of user group support
- Relieves airport bonding and borrowing capacity for other projects and programs

## KEY CHALLENGES

- Upfront seed money is required
- Limited to projects that produce revenues or cut costs to pay back the loans

**\*Aviation stakeholders reviewing for possible legislative action**

# 6- Reallocate Airport Leasehold Tax to the Aeronautics Account

- In this solution the leasehold excise taxes generated by leases on publicly owned airports would be reallocated from the General Fund to the Aeronautics Account.
- Annual tax revenues from this possible solution are projected to be no more than \$25 million annually, since this is the share of leasehold excise taxes that the state averages annually from leases on all state land sources.

## KEY BENEFITS

- Improves self-sustainability of state's aviation system
- Does not impose additional taxes
- Those paying taxes benefit from the tax

## KEY CHALLENGES

- There are significant competing interests for revenues in the General Fund
- Reallocating funds simply draws money away from other state needs and priorities

**\*Aviation stakeholders reviewing for possible legislative action**

# Variations to #9- Reallocate State Sales Tax Collected on Aircraft Purchases and Aviation Fuel

- This solution would change the allocation of the state's sales tax (6.5 cents) collected on aircraft purchases and aviation fuel so that a portion is deposited into the Aeronautics Account instead of the General Fund.
- The Washington Legislature considered allocating 100% of aircraft excise taxes to the Aeronautics Account during its 2014 session. However, time ran out before the Legislature could pass a final version of the bill.
- Sales tax could be applied to unmanned aircraft.

## KEY BENEFITS

- Improves self-sustainability of state's aviation system
- Returns funds to the GF from sales and B&O taxes on additional airport investment projects
- Does not impose a new tax
- Supports the spirit of the new FAA policy on aviation fuel

## KEY CHALLENGES

- Significant competing interests for revenues in the General Fund
- Demonstrating that this solution is revenue neutral or potentially positive for the GF

**\*Aviation stakeholders reviewing for possible legislative action**

# Airport Investment Solutions

## Next Steps

- **Oct 2015 - Jun 2017:** Track legislative-directed additional aircraft excise tax funding.
- **Jan-March 2016:** Provide technical assistance to stakeholders' airport investment legislative efforts.
- **Spring 2016:** Launch Best Management Practices (BMP) for Airports project.
- **Now - Dec 2016:** Integrate strategies from the Airport Investment Solutions Handbook into the Washington Aviation System Plan (WASP) **that support WTP 2035.**



# Integration of Strategies

## Solutions Study \* WTP 2035 \* Aviation System Plan



# WTP2035

WASHINGTON TRANSPORTATION PLAN

CONNECTING WASHINGTON COMMUNITIES  
FOR A HEALTHY AND PROSPEROUS FUTURE

### ***Strategy C: Support the Coordinated, Connected, and Efficient Movement of Freight and Goods—WTP page 18***

#### ***Recommended Actions:***

- Promote strategies that address the “first and last mile” of freight connectivity, including prioritizing key connections to ports, freight terminals, agriculture storage facilities, and ***airports***.

#### ***Goods Movement—WTP page 71***

The Washington State Freight Mobility Plan underscores the need to build new capacity strategically to improve the freight system’s weak points and recommends operational and capital strategies to address current needs and meet future growth.

- **Air Freight.** While the Washington State Aviation System Plan asserts that the State’s airports meet current capacity, cargo loads are expected to grow from 2010 to 2030.

# Integration of Strategies

## Solutions Study \* WTP 2035 \* Aviation System Plan



- WSDOT Aviation is implementing a ‘working group’ methodology to explore and analyze specific issues in greater detail.
- One of these working groups will focus on multimodal connections.
- Invitees to the Winter 2016 working group will include:
  - MPOs/RTPOs/Tribes
  - WSDOT Regions and Divisions
  - Airport Sponsors/Managers

# Integration of Strategies

## Solutions Study \* WTP 2035 \* Aviation System Plan



The Aviation System Plan will review and analyze air cargo:

- Assess capacity issues related to:
  - Air Cargo aircraft Remain Overnight (RON) parking
  - Freight sorting facilities at airports with current air cargo services or those extremely likely to need these activities in the future
- Assess air cargo capacity issues related to multimodal connection needs
- Forecast Air Cargo trends:
  - How do Washington state airports measure up in interstate/intrastate Air Freight competition?
  - What is the national overview and detailed domestic and international market factors that affect Washington state?

# Questions & Contacts

**WSDOT Aviation-**  
Airport Investments Study website:  
<http://www.wsdot.wa.gov/aviation/>



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